

## VESSEL SCRAPPING<sup>1</sup>

**NATIONAL MARITIME HERITAGE ACT.** Section 6 of Public Law 103-451, as amended (16 U.S.C. 5405 (2002)), the National Maritime Heritage Act provides:

### **SEC. 6. FUNDING (16 U.S.C. 5405 (2002)).**

#### **(a) Availability of funds from sale and scrapping of obsolete vessels.**

(1) *In general.* Notwithstanding any other provision of law, the amount of funds credited in a fiscal year to the Vessel Operations Revolving Fund established by the Act of June 2, 1951 (46 App. U.S.C. 1241a), that is attributable to the sale of obsolete vessels in the National Defense Reserve Fleet that are scrapped or sold under section 508 or 510(i) of the Merchant Marine Act, 1936 (46 App. U.S.C. 1158 or 1160(i)) shall be available until expended as follows:

(A) 50 percent shall be available to the Administrator of the Maritime Administration for such acquisition, maintenance, repair, reconditioning, or improvement of vessels in the National Defense Reserve Fleet as is authorized under other Federal law.

(B) 25 percent shall be available to the Administrator of the Maritime Administration for the payment or reimbursement of expenses incurred by or on behalf of State maritime academies or the United States Merchant Marine Academy for facility and training ship maintenance, repair, and modernization, and for the purchase of simulators and fuel.

(C) The remainder shall be available to the Secretary to carry out the Program,<sup>2</sup> as provided in subsection (b).

(2) *Application.* Paragraph (1) does not apply to amounts credited to the Vessel Operations Revolving Fund before July 1, 1994.

#### **(b) Use of amounts for program.**

(1) *In general.* Except as provided in paragraph (2), of amounts available each fiscal year for the Program under subsection (a)(1)(C)—

(A) 1/2 shall be used for grants under section 4(b); and

(B) 1/2 shall be used for grants under section 4(c).

(2) *Use for interim projects.* Amounts available for the Program under subsection (a)(1)(C) that are the proceeds of any of the first 8 obsolete vessels in the National Defense Reserve Fleet that are sold or

<sup>1</sup> The Maritime Administration scraps vessels in the National Defense Reserve Fleet under the authority set forth in sections 508 and 510(i) of the Merchant Marine Act, 1936 (46 App. U.S.C. 1158, 1160(i)).

<sup>2</sup> Section 7(4) of the Act defines "Program" to mean the National Maritime Heritage Grants Program established under Section 4 of the Act.

scrapped after July 1, 1994, under section 508 or 510(i) of the Merchant Marine Act, 1936 (46 [App.] U.S.C. 1158 or 1160(i)) are available to the Secretary for grants for interim projects approved under section 4(j) of this Act.

(3) **Administrative expenses.**

(A) *In general.* Not more than 15 percent or \$ 500,000, whichever is less, of the amount available for the Program under subsection (a)(1)(C) for a fiscal year may be used for expenses of administering the Program.

(B) *Allocation.* Of the amount available under subparagraph (A) for a fiscal year—

(i) 1/2 shall be allocated to the National Trust for expenses incurred in administering grants under section 4(b); and

(ii) 1/2 shall be allocated as appropriate by the Secretary to the National Park Service and participating State Historic Preservation Officers.

(c) **Disposals of vessels.**

(1) **Requirement.** The Secretary of Transportation shall dispose of all vessels described in paragraph (2)—

(A) by September 30, 2006;

(B) in the manner that provides the best value to the Government except in any case in which obtaining the best value would require towing a vessel and such towing poses a serious threat to the environment; and

(C) in accordance with the plan of the Department of Transportation for disposal of those vessels and requirements under sections 508 and 510(i) of the Merchant Marine Act, 1936 (46 App. U.S.C. 1158, 1160(i)).

(2) **Vessels described.** The vessels referred to in paragraph (1) are the vessels in the National Defense Reserve Fleet after July 1, 1994, that—

(A) are not assigned to the Ready Reserve Force component of that fleet; and

(B) are not specifically authorized or required by statute to be used for a particular purpose.

(d) **Treatment of amounts available.** Amounts available under this section shall not be considered in any determination of the amounts available to the Department of the Interior.

**SCRAPPING OF NDRF VESSELS.** Section 3502 of Public Law 106-398 (114 STAT. 1654a-490), the DOD Authorization Act, FY 2001, provides as follows:

**SEC. 3502. SCRAPPING OF NATIONAL DEFENSE  
RESERVE FLEET VESSELS.**

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(b) **Section of Scrapping Facilities.**—The Secretary of Transportation may scrap obsolete vessels pursuant to section 6(c)(1) of the National Maritime Heritage Act of 1994 (16 U.S.C. 5405(c)(1)) through qualified scrapping facilities, using the most expeditious scrapping methodology and location practicable. Scrapping facilities shall be selected under that section on a best value basis consistent with the Federal Acquisition Regulation, as in effect on the date of the enactment of this Act, without any predisposition toward foreign or domestic facilities taking into consideration, among other things, the ability of facilities to scrap vessels—

- (1) at least cost to the Government;
- (2) in a timely manner;
- (3) giving consideration to worker safety and the environment; and
- (4) in a manner that minimizes the geographic distance that a vessel must be towed when towing a vessel poses a serious threat to the environment.

(c) **Limitation on Scrapping Before Program.**—

(1) **In General.**—Until the report required by subsection (d)(1) is transmitted to the congressional committees referred to in that subsection, the Secretary may not proceed with the scrapping of any vessel in the National Defense Reserve Fleet except the following:\*

- (A) DONNER.
- (B) EXPORT COMMERCE.
- (C) BUILDER.
- (D) ALBERT E. WATTS.
- (E) WAYNE VICTORY.
- (F) MORMACDAWN.
- (G) MORMACMOON.
- (H) SANTA ELENA.
- (I) SANTA ISABEL.
- (J) SANTA CRUZ.
- (K) PROTECTOR.
- (L) LAUDERDALE.
- (M) PVT. FRED C. MURPHY.

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The following vessels are no longer in the National Defense Reserve Fleet: EXPORT COMMERCE, BUILDER, WAYNE VICTORY, GEN ALEX M PATCH, WASHINGTON, SUFFOLK COUNTY, CRANDALL, CRILLEY, EXPORT CHALLENGER, and LYNCH.

(N) BEAUJOLAIS.  
 (O) MEACHAM.  
 (P) NEACO.  
 (Q) WABASH.  
 (R) NEMASKET.  
 (S) MIRFAK.  
 (T) GEN. ALEX M. PATCH.  
 (U) AUTHUR M. HUDDALL.  
 (V) WASHINGTON.  
 (W) SUFFOLK COUNTY.  
 (X) CRANDALL.  
 (Y) CRILLEY.  
 (Z) RIGEL.  
 (AA) VEGA.  
 (BB) COMPASS ISLAND.  
 (CC) EXPORT CHALLENGER.  
 (DD) PRESERVER.  
 (EE) MARINE FIDDLER.  
 (FF) WOOD COUNTY.  
 (GG) CATAWBA VICTORY.  
 (HH) GEN. NELSON M. WALKER.  
 (II) LORAIN COUNTY.  
 (JJ) LYNCH.  
 (KK) MISSION SANTA YNEZ.  
 (LL) CALOOSAHATCHEE.  
 (MM) CANISTEO.

(2) **Prioritization.**—The Secretary shall exercise discretion to prioritize for scrapping those vessels identified in paragraph (1) that pose the most immediate threat to the environment.

**(d) SCRAPPING PROGRAM FOR OBSOLETE NATIONAL DEFENSE RESERVE FLEET VESSELS.—**

(1) *Development of Program, Report.*—The Secretary of Transportation, in consultation with the Secretary of the Navy and the Administrator of the Environmental Protection Agency, shall within 6 months after the date of the enactment of this Act—

(A) develop a program for the scrapping of obsolete National Defense Reserve Fleet vessels; and

(B) submit a report on the program to the Committee on Transportation and Infrastructure and the Committee on Resources of the House of Representatives, the Committee on Commerce, Science, and Transportation of the Senate, and the Committees on Armed Services of the House of Representatives and the Senate.

(2) *Contents of Report.*—The report shall include information concerning the initial determination of scrapping capacity, both domestically and abroad, appropriate proposed

regulations to implement the program, funding and staffing requirements, milestone dates for the disposal of each obsolete vessel, and longterm cost estimates for the program.

(3) *Alternatives.*—In developing the program, the Secretary of Transportation, in consultation with the Secretary of the Navy and the Administrator of the Environmental Protection Agency, shall consider all alternatives and available information, including—

(A) alternative scrapping sites;

(B) vessel donations;

(C) sinking of vessels in deep water;

(D) sinking vessels for development of artificial reefs;

(E) sales of vessels before they become obsolete;

(F) results from the Navy Ship Disposal Program under section 8124 of the Department of Defense Appropriations Act, 1999; and

(G) the Report of the Department of Defense's Interagency Panel on Ship Scrapping issued in April 1998.

(e) **Report.**—Not later than 1 year after the date of the enactment of this Act, and every 6 months thereafter, the Secretary of Transportation, in coordination with the Secretary of the Navy, shall report to the Committee on Transportation and Infrastructure and the Committee on Resources of the House of Representatives, the Committee on Commerce, Science, and Transportation of the Senate, and the Committees on Armed Services of the House of Representatives and the Senate on the progress of the vessel scrapping program developed under subsection (d)(1) and on the progress of any other scrapping of obsolete Government-owned vessels.

(f) **Presidential Recommendation.**—The President shall transmit with the report required by subsection (d)(1) a recommendation on—

(1) whether it is necessary to amend the Toxic Substances Control Act (15 U.S.C. 2601 et seq.) or any other environmental statute or regulatory requirements relevant to the disposal of vessels described in section 6(c)(2) of the National Maritime Heritage Act of 1994 (16 U.S.C. 5405(c)(2)) by September 30, 2006; and

(2) any proposed changes to those requirements to carry out such disposals.

**NAVY PILOT SCRAPPING PROGRAM.** Section 8124 of Public Law 105-262, approved October 17, 1998 (112 STAT. 2279, 2333), the Department of Defense Appropriations Act, 1999, provides: Sec. 8124. The Secretary of the Navy may carry out a competitively awarded vessel scrapping pilot program during fiscal years 1999 and 2000 using funds made available in this Act under the heading "Operation and Maintenance, Navy": Provided, That the Secretary of the Navy shall define the program scope sufficient to gather data on the cost of scrapping Government vessels and to demonstrate cost-effective technologies and techniques to scrap such vessels in a manner that is protective of worker safety and health and the environment.

**NAVY SHIP DISPOSAL PROJECT.** Section 318 of Public Law 106-398, approved October 30, 2000 (114 STAT. 1654A-57), the DOD Authorization Act, FY 2001, provides:

**SEC. 318. SHIP DISPOSAL PROJECT.**

(a) **Continuation of Project; Purpose.**—During fiscal year 2001, the Secretary of the Navy shall continue to carry out the ship disposal project within the United States to permit the Secretary to assemble appropriate data on the cost of scrapping naval vessels.

(b) **Use of Competitive Procedures.**—The Secretary shall use competitive procedures to award all task orders under the primary contracts under the ship disposal project.

(c) **Report.**—Not later than December 31, 2000, the Secretary shall submit to the congressional defense committees a report on the ship disposal project. The report shall contain the following:

(1) A description of the competitive procedures used for the solicitation and award of all task orders under the project.

(2) A description of the task orders awarded under the project.

(3) An assessment of the results of the project as of the date of the report, including the performance of contractors under the project.

(4) The proposed strategy of the Navy for future procurement of ship scrapping activities.

**NAVY/MARAD SCRAPPING PROGRAM.** Section 8136 of Public Law 106-259, approved August 9, 2000 (114 STAT. 704), the Department of Defense Appropriations Act of 2001, provides:

**SEC. 8136.** In addition to the amounts provided elsewhere in this Act, the amount of \$10,000,000 is hereby appropriate for "Operation and

Maintenance, Navy”, to accelerate the disposal and scrapping of ship of the Navy Inactive Fleet and Maritime Administration National Defense Reserve Fleet: *Provided*, That the Secretary of the Navy and the Secretary of Transportation shall develop criteria for selecting ships for scrapping or disposal based on their potential for causing pollution, creating and environmental hazard and cost of storage: *Provided further*, That the Secretary of the Navy and the Secretary of Transportation shall report to the congressional defense committees no later than June 1, 2001 regarding the total number of vessels currently designated for scrapping, and the schedule and costs for scrapping these vessels.

**PILOT PROGRAM ON EXPORT OF OBSOLETE VESSELS FOR DISMANTLEMENT AND RECYCLING.**

Section 3504(c) of Public Law 107-314, approved December 2, 2002 (116 STAT. 2755), the Bob Stump DOD Authorization Act for FY 2003, provides:

**(c) Pilot Program on Export of Obsolete Vessels for Dismantlement and Recycling.**—(1)(A) The Secretary of Transportation, Secretary of State, and Administrator of the Environmental Protection Agency shall jointly carry out one or more pilot programs through the Maritime Administration to explore the feasibility and advisability of various alternatives for exporting obsolete vessels in the National Defense Reserve Fleet for purposes of the dismantlement and recycling of such vessels.

(B) The pilot programs shall be carried out in accordance with applicable provisions of law and regulations.

(2)(A) The pilot programs under paragraph (1) shall be carried out during fiscal year 2003.

(B) The pilot programs shall include a total of not more than four vessels.

(C) The authority provided by this subsection is in addition to any other authority available to Maritime Administration for exporting obsolete vessels in the National Defense Reserve Fleet.

(3) Activities under the pilot programs under paragraph (1) shall include the following:

(A) Exploration of the feasibility and advisability of a variety of alternatives (developed for purposes of the pilot programs) for exporting obsolete vessels in the National Defense Reserve Fleet for purposes of the dismantlement and recycling of such vessels.

(B) Response by the Maritime Administration to proposals from the international ship recycling industry for innovative and cost-effective disposal solutions for obsolete vessels in the National Defense Reserve Fleet, including an evaluation of the feasibility and

advisability of such proposals.

(C) Demonstration of the extent to which the cost-effective dismantlement or recycling of obsolete vessels in the National Defense Reserve Fleet can be accomplished abroad in manner that appropriately addresses concerns regarding worker health and safety and the environment.

(D) Opportunities to transfer abroad processes, methodologies, and technologies for ship dismantlement and recycling in order to support the pilot programs and to improve international practices and standards for ship dismantlement and recycling.

(E) Exploration of cooperative efforts with foreign governments (under a global action program on ship recycling or other program) in order to foster economically and environmentally sound ship recycling abroad.

(4) The Secretary of Transportation shall submit to Congress a report on the pilot programs under paragraph (1) through the existing ship disposal reporting requirements in section 3502 of Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001. The report shall include a description of the activities under the pilot programs, and such recommendations for further legislative or administrative action as the Secretary considers appropriate.